

Gamuda (GAM MK)

An Equitable Closure For FY25

Highlights

- **Performing well within expectations (99% of our expectation)**, Gamuda charted commendable top-line and earnings growths of 20% and 10% respectively in FY25.
- **Orderbook replenishments are on track to meet management's guidance** of RM40b-45b by end-25 and RM50b-55b by end-FY26.
- **Maintain HOLD and target price of RM5.75**, as valuations appear fair after an impressive rally.

4QFY25 Results

Year to 31 Jul (RMm)	4QFY25 (RMm)	qoq chg (%)	yoy chg (%)	FY25 (RMm)	yoy chg (%)
Revenue	4,842.4	56.7	2.6	15,970.2	19.7
Engineering & Construction	3,876.3	53.2	12.1	12,404.4	17.1
Property Dev & Club Operations	966.1	72.6	(23.5)	3,565.8	29.7
EBIT	501.3	92.0	8.2	1,337.2	41.5
Engineering & Construction	304.3	82.7	6.4	798.5	36.9
Property Dev & Club Operations	196.9	108.3	11.0	538.7	48.8
PBT	493.0	75.6	41.2	1,303.8	18.8
PATAMI	332.1	34.6	22.2	1,003.2	10.1
Core PATAMI	324.1	31.5	20.0	981.4	7.7
Margin (%)					
EBIT	10.4	1.9	0.5	8.4	1.3
EBIT - Construction	7.9	1.3	(0.4)	6.4	0.9
EBIT - Prop Dev	20.4	3.5	6.3	15.1	1.9
PBT	10.2	1.1	2.8	8.2	(0.1)
Core PATAMI	6.7	(1.3)	1.0	6.1	(0.7)

Source: Gamuda, UOB Kay Hian

Analysis

- **Within expectations.** Gamuda reported a 4QFY25 core net profit of RM324m (+32% qoq, +20% yoy) on a revenue of RM4.8b (+57% qoq, +3% yoy). The sequentially stronger earnings were mainly lifted by higher domestic project mix and progress billings within the construction segment. FY25 earnings came in at 99% and 98% of our and consensus full-year estimates respectively.

Key Financials

Year to 31 Jul (RMm)	FY24	FY25	FY26F	FY27F	FY28F
Net turnover	13,346.7	15,970.2	21,980.0	26,785.5	34,195.6
EBITDA	1,107.8	1,536.0	2,105.6	2,534.8	3,030.3
Operating profit	945.2	1,337.2	1,912.4	2,342.4	2,832.8
Net profit (rep./act.)	912.1	1,003.2	1,379.4	1,631.8	1,983.5
Net profit (adj.)	884.1	981.4	1,379.4	1,631.8	1,983.5
EPS	31.9	17.7	24.9	28.3	34.4
PE	17.3	31.1	22.2	19.5	16.1
P/B	1.3	2.6	2.4	2.4	2.2
EV/EBITDA	12.8	10.3	8.2	7.2	6.3
Dividend yield	2.9	1.8	2.2	2.7	3.6
Net margin	6.8	6.3	6.3	6.1	5.8
Net debt/(cash) to equity	45.8	57.2	65.7	67.1	69.3
Interest cover	6.4	8.6	10.8	10.4	11.3
ROE	9.4	10.0	13.3	15.2	17.7
Consensus net profit	n.a	n.a	1,416.2	1,691.9	1,380.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.4

Source: Gamuda, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	RM5.52
Target Price	RM5.75
Upside	4.16%

Analyst(s)

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Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	GAM MK
Shares issued (m)	5,851.7
Market cap (RMm)	32,301.2
Market cap (US\$m)	7,676.5
3-mth avg daily t'over (US\$m)	22.4

Price Performance (%)

52-week high/low RM4.06/RM2.76

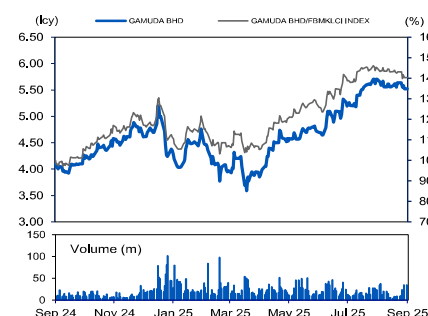
1mth	3mth	6mth	1yr	YTD
(3.2)	15.7	38.7	35.5	16.5

Major Shareholders

	%
Employees Provident Fund Board	18.1
Amanah Saham Nasional Bhd	4.1
Generasi Setia M Sdn Bhd	4.0

FY25 NAV/Share (RM)	2.16
FY25 Net Debt/Share (RM)	1.55

Price Chart



Source: Bloomberg

Company Description

Gamuda is a civil engineering construction company with exposure to property development and water concessions.

• **Construction segment: Domestic contracts taking the lead, lifting margins.** In 4QFY25, the construction and engineering division charted an EBIT of RM304m (+83% qoq; +6% yoy) on a revenue of RM3.9b (+53% qoq; +12% yoy). The resilient performance was driven by better progress billings from domestic projects. Notably, EBIT margin also improved to 7.9ppt (+1.3ppt qoq), as domestic projects which command higher profitability margin made up 32% of FY25 construction revenue (FY24:16%).

• **Property segment: Weaker sequentially on absence of lumpy SG project.** In 4QFY25, Gamuda's property segment charted lower revenue of RM966m (-9% yoy) and net profit of RM378m (-8% yoy). The lacklustre top-line was mainly dragged by the absence of last year's lumpy earnings from Singapore's completed OLA Residences project. Excluding this project, Gamuda's property segment would have charted revenue and net profit growths of 26% and 6% respectively due to higher contributions from Vietnam's quick turnaround projects (QTP).

• **Focus on FY26-28's record earnings, buoyed by construction orderbook visibility.** While Gamuda's orderbook was at RM38.4b as of 4QFY25, management maintained its guidance of a potential orderbook of RM40b-45b by end-25 and RM50b-55b by end-FY26. Assuming a RM4b quarterly orderbook burn rate, Gamuda has to secure at least RM25b-30b worth of contracts (by Aug 26) to meet FY26 guidance.

- **Domestic:** The finalisation of infrastructure projects such as Upper Padas Hydroelectric Dam and Penang Perak Water Infrastructure are expected to be announced soon. For private job flows, Gamuda is in a good position to secure 2-3 data centre (DC) contracts that will be finalised within 2025. The group's Industrialised Building Systems capacity is sufficient to build eight DCs concurrently.

- **Australia: Pivoting into renewable sectors from traditional infrastructures.** We understand that Gamuda is pursuing renewable projects with tender value of A\$25b in the coming two years. Multiple projects within the renewable energy and power transmission sectors are in the pipeline for both Gamuda Australia and its subsidiary, DT Infrastructure (DTI). Gamuda also made it to the final shortlist for two significant projects – Sunshine Coast Railway in Brisbane and Northland Corridor highway in New Zealand, with tender outcomes expected in 1H26.

- **Taiwan:** In November, Gamuda and its JV partners were awarded a construction turnkey package worth NTD31.9b/RM4.3b for the Xizhi Donghu MRT in Taiwan (Gamuda's stake is NT\$24b/RM3.2b). Notably, the project also has already-determined additional works worth NT\$60b/RM8.1b which will be awarded separately to the JV not later than seven years (likely within three years).

• **Property development division still cementing group's excellence.** While Gamuda's property division recorded lower FY24 sales of RM4.1b (+18% yoy), management remains confident about achieving the new sales target of RM5.5b in FY26 (+34% yoy), which will be largely augmented by better contributions from local launches and Vietnam's QTPs.

Valuation/Recommendation

• **Maintain HOLD with an unchanged SOTP-based target price of RM5.75.** Our target price implies 23x FY26F PE (+1.5SD above mean).

Earnings Revision/Risk

• We introduced FY28 earnings forecasts.

Orderbook as of 4QFY25

Projects	Value RMb	Progress %
Malaysia:		
Penang Mutiara Line (60% share)	6.0	7
Silicon Island Phase 1	4.5	13
Rasau WTP Phase 1	1.2	43
Data centre projects	3.5	28
Upper Padas Hydro Dam (75% share)	2.3	4
Enabling work for DC campus	0.8	24
Sarawak Coastal Highway (65% share)	0.7	0
Australia:		
SMW-WTP	0.7	92
Coffs Harbour Bypass (50% share)	1.0	58
M1 Motorway (40% share)	0.3	75
DTI projects	5.7	67
Taiwan:		
Tao Yuan underground (60% share)	1.0	17
Kaoshiung MRT YC01 (88% share)	2.8	2
Xizhi Donghu MRT (75% share)	2.8	10
Marine Structure (70% share)	2.5	0
Others	0.5	0
Singapore:		
Defu station (60% share)	0.5	49
West Coast Station	1.6	9
Total Orderbook	38.4	

Source: Gamuda, UOB Kay Hian

Segmental Forecasts

Revenue (RMb)	FY26F	FY27F	FY28F
Engineering & Construction	16.9	20.0	25.0
Property Dev & Club	4.9	6.6	9.1
Water Concession	0.1	0.1	0.1
Total	21.98	26.79	34.20
EBIT (RMb)			
Engineering & Construction	1.23	1.51	1.81
Property Dev & Club	0.60	0.75	0.94
Water Concession	0.08	0.08	0.08
Total	1.91	2.34	2.83

Source: Gamuda, UOB Kay Hian

SOTP Valuations

	RMm	Remarks
Construction	26,080	25x FY26 PE
Property	9,717	10% discount to RNAV
Water concession	1,472	
Less Net Debt	(4,093)	
Total SOTP value	33,177	
Diluted no. of shares (m)	5,770	
Target Price (RM)	5.75	

Source: Gamuda, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

• Environmental	
-	Commits to reducing greenhouse gas emission intensity by 30%/45% in 2025/30.
• Social	
-	Well-diversified workforce in terms of gender: female (43%) and male (57%).
• Governance	
-	Independent directors make up 57% of its board.

Source: Gamuda, UOB Kay Hian

Profit & Loss

Year to 31 Jul (RM)	FY25	FY26F	FY27F	FY28F
Net turnover	15,970	21,980	26,785	34,196
EBITDA	1,536	2,106	2,535	3,030
Deprec. & amort.	199	193	192	197
EBIT	1,337	1,912	2,342	2,833
Associate contributions	145	83	86	89
Net interest income/(expense)	(179)	(195)	(244)	(267)
Pre-tax profit	1,304	1,800	2,184	2,654
Tax	(257)	(360)	(480)	(584)
Minorities	(44)	(60)	(71)	(87)
Net profit	1,003	1,379	1,632	1,983
Net profit (adj.)	981	1,379	1,632	1,983

Balance Sheet

Year to 31 Jul (RM)	FY25	FY26F	FY27F	FY28F
Fixed assets	6,441	7,990	9,038	10,085
Other LT assets	4,873	4,943	5,012	5,081
Cash/ST investment	3,260	3,957	4,027	3,976
Other current assets	16,549	20,538	23,385	27,903
Total assets	31,123	37,428	41,461	47,045
ST debt	2,493	2,463	2,616	2,778
Other current liabilities	8,212	11,390	13,766	17,521
LT debt	7,637	9,853	10,462	11,114
Other LT liabilities	628	793	850	949
Shareholders' equity	12,000	12,715	13,482	14,311
Minority interest	153	214	285	372
Total liabilities & equity	31,123	37,428	41,461	47,045

Cash Flow

Year to 31 Jul (RM)	FY25	FY26F	FY27F	FY28F
Operating	(81)	905	1,396	1,514
Pre-tax profit	1,304	1,800	2,184	2,654
Tax	(257)	(360)	(480)	(584)
Deprec. & amort.	159	193	192	197
Associates	(145)	(83)	(86)	(89)
Working capital changes	(1,141)	(645)	(414)	(665)
Other operating cashflows	0	0	0	0
Investing	(1,255)	(1,721)	(1,223)	(1,225)
Capex (growth)	(1,291)	(1,721)	(1,223)	(1,225)
Proceeds from sale of assets	20	0	0	0
Others	16	0	0	0
Financing	1,838	1,512	(104)	(340)
Dividend payments	(154)	(664)	(866)	(1,154)
Issue of shares	195	0	0	0
Proceeds from borrowings	2,337	2,177	762	814
Others/interest paid	(540)	0	0	0
Net cash inflow (outflow)	502	696	70	(51)
Beginning cash & cash equivalent	2,596	3,260	3,957	4,027
Changes due to forex impact	(85)	0	0	0
Ending cash & cash equivalent	3,013	3,957	4,027	3,976

Key Metrics

Year to 31 Jul (%)	FY25	FY26F	FY27F	FY28F
Profitability				
EBITDA margin	9.6	9.6	9.5	8.9
Pre-tax margin	8.2	8.2	8.2	7.8
Net margin	6.3	6.3	6.1	5.8
ROA	4.2	5.0	5.6	6.2
ROE	10.0	13.3	15.2	17.7
Growth				
Turnover	249.8	381.5	486.8	649.1
EBITDA	71.2	134.6	182.5	237.7
Pre-tax profit	(98.6)	(98.0)	(97.6)	(97.0)
Net profit	43.3	97.0	133.0	183.3
Net profit (adj.)	11.0	40.6	18.3	21.6
EPS	(37.4)	(12.0)	(0.1)	21.4
Leverage				
Debt to total capital	83.4	95.3	95.0	94.6
Debt to equity	84.4	96.9	97.0	97.1
Net debt/(cash) to equity	57.2	65.7	67.1	69.3
Interest cover	8.6	10.8	10.4	11.3

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